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CAPITAL AND INTEREST

FROM

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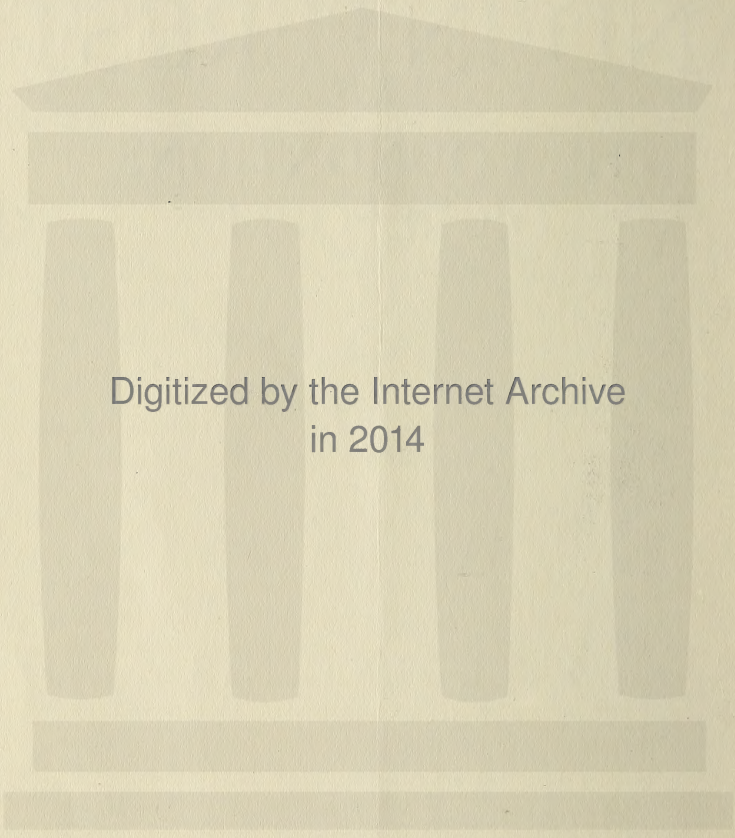

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CAPITAL

What strange influence causes economists to accept "That part of wealth used in the production of wealth," as the true definition of capital? Is the production of wealth the only division of industry in which capital is required? Is there none required for distribution, transportation, public service, banking, money loaning, insurance, education, and entertainment, or are these also engaged in the production of wealth? The common universal understanding of the meaning of wealth is, all material articles to which the labor of man has added value; and we can readily perceive that education, entertainment, banking, money loaning, insurance, public service which supplies water, light, power, telephone, telegraph, and mail service, do not produce wealth, and are not engaged in the production of wealth. They are necessary parts of civilized industry, and assist in promoting efficiency in the production and consumption of wealth and service. Only that part of transportation and distribution which is engaged in transporting and distributing products in process of manufacture, can be properly said to be engaged in the production of wealth. The transportation and distribution of the finished product is purely service. In no sense of the word can a street railway company or a department store be classed as a producer of wealth.

Each and all of these separate divisions of general industry, require separate capital for their operation; and the definition of capital must apply to and fit all of them. It is impossible to fit the accepted definition of capital to the capital of a street railway company, for it only transports passengers from place to place, and cannot be said to produce material or immaterial wealth. The same is obviously true of all divisions of industry not engaged in production of wealth; and as we shall hereafter prove, the definition is not true in production of wealth in modern industry. Probably less than half of the capital used is engaged in production of wealth; the greater part is engaged in service.

But if the accepted definition of capital is false, a true one must be substituted, and it must be in perfect accord with each and every part of our industrial system in which capital is used, to be true. We shall have to cease applying the definition to production of wealth only, and extend it to all industry; then it will describe whatever provides shelter and protection, and the means to employ and increase the efficiency of labor in production and service.

In simple industry, labor is directly applied to natural agents without the intervention of an employer, and there does not seem to be any capital. Labor has and needs no capital to gather food, unless his labor power is considered capital. The food he consumes provides him with this power and he cannot get power from unconsumed food. It only develops power when consumed in the human body, and until it is assimilated it cannot be engaged in the production of wealth.

Labor cannot be capital and labor at the same time. Labor is considered something separate and apart from capital; and capital is considered something

separate and apart from labor. Capital is what aids labor in production and service, and it is what the capitalist needs and uses to employ labor and operate industry.

Food consumed by labor produces labor power only, does not produce wealth, and cannot be capital; but food used by the capitalist to pay labor for service in industry, IS capital. If labor power is dissipated in idleness, or in productive or unproductive labor, it was the product of food consumed which furnished the labor power; but food paid to the laborer by a capitalist for his labor power is capital; whether the labor has been wasted or used productively or unproductively. It is part of the means which the capitalist uses to operate industry.

The food supply determines the number of laborers who can be supported, and does not determine the amount of wealth produced or the amount of capital used. The use of capital is limited to the number of laborers it can employ. Bear in mind that food produces labor power, and that labor power produces wealth and renders service; that food consumed by the laborer is not capital, and that food paid to the laborer for his labor power, by a capitalist is capital.

Production of wealth is the whole industry of primitive man. His first step toward modern industry was taken when he saved wealth and used it to increase the efficiency of his labor. The question arises whether the food he saves, is capital. The food that he consumes is not capital, as it produces only labor power, and the food saved can only produce labor power when consumed. It is not engaged in the production of wealth or service of any kind while unconsumed, and it produces labor power when consumed. We are compelled to follow our previous line of reasoning and declare food saved, NOT capital unless saved by a capitalist and used to pay labor for service.

The food primitive man consumed, and his rude clothing and shelter, maintained his natural efficiency; his stone hatchet and hammer, his spear, and bow and arrow, were wealth he produced to increase his natural efficiency. They were neither used to create labor power or to maintain natural efficiency of labor, and if the term capital can be properly applied to primitive industry, it must be confined to that part of wealth which labor used to increase its efficiency.

The earth and its natural resources and powers, are not wealth, and undoubtedly were not considered wealth in primitive industry, and could not be included in the term Capital. There is something about the earth, its resources and natural powers, which distinguish them from wealth. They existed before man appeared, and will doubtless continue to exist after man becomes extinct. They do not need man to save them, and man cannot save or destroy them. They are for the use of all living creatures, and can only be owned by their creator. All that man can save, and saving only means storing for future use, is the product of labor, and that is all that can be properly called wealth. Wealth is all material articles to which the labor of man has added value.

The present definition of capital may fit primitive industry if the earth and natural resources are considered wealth. Wealth in modern industry in-

cludes the earth and natural resources, because civilization has made them commodities on the market, by recognizing them as wealth, and authorizing their private ownership and sale. Whether or not this is for the best interest of society, land and natural resources have been made commodities and must be classed as wealth. In discussing capital therefore we must distinguish between primitive industry when natural resources were not and were not considered wealth, and modern industry when natural resources are not but are considered wealth.

There are two forms of industry in which capital is easily defined; Primitive, where labor is directly applied to natural agents and does not need capital; and public, where the state owns all of the productive wealth, controls natural resources, and employs all labor. In the first there is no capital, and in the second, capital is correctly defined as that part of wealth in conjunction with natural agents, used in production and service. The State employs all labor, owns all products, and pays labor in products. Natural resources have ceased to be commodities on the market.

But economists are not and never were much concerned about primitive industry, and the State as the sole capitalist and employer of labor has not arrived. It was the problems of modern industry which gave birth to the science, and our definition of capital must fit modern industry. We cannot accept it in either of the other forms.

Modern industry is operated by capitalists who need capital and labor to aid in production and service. Labor has ceased to produce, and is a commodity on the market to be bought and sold the same as products or any form of wealth. . It is one of the means used by the capitalist to operate modern industry. Labor needs a job in which to engage his labor power, and wages at least sufficient to maintain him. The capitalist, though he be an individual, corporation, or the State, employs labor and pays him wages; and employs certain wealth to render labor more effective. Since natural resources have been converted into artificial wealth, the capitalist must buy and own the natural resources used in industry; and since labor has become a commodity on the market, he must buy labor. The State used to permit the sale and purchase of the laborer and his labor power, but it now prohibits making a commodity of the laborer. Before legal tender money was issued as a medium of exchange, the capitalist could only pay labor in his products, or in a commodity medium. But in modern industry, money is almost the only medium of exchange, and the capitalist must pay labor in legal tender money.

In primitive industry labor had access to natural resources, and could employ his labor without the intervention of the capitalist. He can no longer do that; he is denied access to natural resources, and must possess capital to buy them, before he can employ his own labor. He must first become a capitalist before he can employ his own labor alone or together with other labor which he needs to assist him; otherwise he must depend on a capitalist to employ him. It is

clear then that labor does not produce wealth, because it cannot do so, and that capitalists produce all wealth because they possess all the capital which employs all labor and wealth engaged in industry.

In primitive production, labor produced and consumed all or most all of its product; what little exchange was practiced, was effected in the immediate environment by means of barter and commodity mediums. The laborer's own needs and desires furnished the demand, and his labor produced the supply. Production did not depend on exchange, because the producer was at the same time the consumer of his product.

In modern industry, the producer (the capitalists, for labor is only a part of the means used by him in industry) consumes but a small part of the product, and depends on exchange to supply him with money to buy service and products to satisfy his desires, and labor to aid him in industry. The capitalists and laborers furnish the demand, but capitalists only furnish the supply. The needs and desires of civilized life as distinguished from primitive needs and desires, depend wholly on exchange for their gratification.

The exchanges of modern industry are not confined to the immediate environment, but are effected over the whole earth between widely separated individuals as well as those close at hand; they are not confined to products, but include service also. To accomplish exchange, products and persons must be transported, products must be distributed and service rendered; government must be maintained to furnish protection to life and industry, and to issue money for facilitating exchanges; and we cannot well do without public service, banking, insurance, education and entertainment. The market is the place where people come to effect exchanges; to sell and purchase labor, service and products. Modern industry depends on the market to effect these exchanges, and it cannot continue unless the service it performs is converted into money to make further service possible. Legal tender money is therefore an indispensible part of modern industry. It is illustrated in every financial panic, when money is prevented from circulating by banks as a measure to insure their own safety, although all other factors of industry are present. The capitalists who want to produce and the laborers who want to be employed; the wealth to be used as capital, and the wealth to be fashioned into products; all means for service and the desires of both capitalists and laborers to be gratified; all elements of industry are present, but the money has stopped circulating and industry ceases. This is illustrated in a small way by the capitalist employing his own labor. He would have to confine his industry to what he himself consumes, unless he can exchange his surplus for money to buy the necessities of a civilized life, also his surplus would spoil on his hands and he would be practising primitive industry in a civilized community and in an age of civilization. The laborer is dependent on exchangeing his labor for money. His life and the gratification of his desires depend on his getting a job from the owner of capital,

It is impossible to define capital so that it will fit all historical forms of industry, but it is possible to define each one correctly. Primitive industry without tools needed no capital; with the use of tools capital began. It is proper to define capital during primitive industry and all through the period when barter and commodity mediums effected exchange, as "That part of wealth in conjunction with natural agents used in industry."

The process of conversion of natural resources into wealth began in slavery and serfdom. With the advent of money as a medium of exchange, and its increasing need in industry, slave and serf labor were being converted into free labor; and free labor into wage labor. Modern industry was developing rapidly, and primitive industry disappearing just as rapidly, until in most civilized nations all industry is modern and primitive industry has entirely disappeared. The co-operation of labor, division of labor, tools, implements, machinery, science and invention, the issue of legal tender money, and the organization of the market and industrial forces, hastened the process and made labor dependent on the capitalist, and industry dependent on the market.

Wealth used in production and for the sustenance of the slave and serf was capital during the period of slavery and serfdom. The lord and master produced all wealth and paid labor in sustenance. In slavery, the Master used military force to compel the slave to labor and to rob him of all products of his labor. In serfdom the Feudal Lord used the same method to rob labor of his products, but made him nominally free to produce his own sustenance, by permitting him to work part of the week for himself. In modern industry, natural resources have been converted into wealth, and capitalists use the ownership of wealth and capital to compel nominally free labor to work for them, and the wage paid to labor is not the value of its product, but the lowest price labor will accept. Labor is not free to produce, and the laborer cannot apply his labor to natural resources without the consent of the owners. To have the opportunity to labor and to live, (and he does not always have the opportunity because of the imperfect organization of the market), he is compelled by his necessities to sell his labor at a price which will yield a profit to his employer. The capitalist has sole control over the amount of profits he exacts from labor. Neither labor nor the State has a voice in determining profits, and the military forces of the State is usually at the service of the capitalist to enforce his arbitrary exaction.

Political economists divide capital into fixed and circulating capital; fixed to represent the land, buildings, tools, machinery, and everything used to protect the product in course of production and when finished, and to increase the efficiency of labor; and circulating, to represent the means used to employ labor, obtain raw material, and pay other necessary operating expense. In primitive industry wealth used as fixed and circulating capital, in conjunction with natural agents, were properly called capital, because the laborer and capitalist were both independently engaged in operating industry, and both used wealth in conjunc-

tion with natural agents as capital. The laborer producing independently, paid himself with his products; and the capitalist paid labor with products. In modern industry, labor is only a commodity like wealth, and the capitalist uses money to purchase both labor and wealth to use in industry. I use the word money to mean the token issued by, or by authority of government, and not the commodity which serves as a medium of exchange.

Capital is money and nothing else. Capital is money used to purchase wealth and to employ labor in industry. Money used to effect exchanges for consumption is not capital. The laborers house and tools which his trade requires him to own, his furniture, automobile and all his personal belongings are not capital; they do not furnish him employment and are not engaged in production of wealth or service. The money which the capitalist possesses, buys the wealth and pays labor to produce and to serve, and it is capital. This definition of capital will stand every test when applied to modern industry, and accumulated wealth used in production will not. Money will buy wealth or employ labor to produce wealth needed in production and service, and will pay labor for its work. Wealth cannot pay labor for its service and therefore cannot be capital. Labor is indispensible in all kinds of industry, and the capitalist must have money to buy labor in order to operate industry.

Under the present definition of capital, all commodities are capital, for they have to be converted into money to provide circulating capital, yet most of them cannot function as capital, and do not aid in prdouction of wealth and service.

Under the correct definition, no product and no wealth is capital, because neither can provide the means to employ labor, and the capitalist cannot operate industry with wealth alone. Money provides everything which the capitalist needs to operate industry. Wealth used in industry is consumed and replaced by labor, and labor is paid money to replace such wealth. Capital is never destroyed and keeps on forever employing labor in producing wealth for production and wealth for consumption and for service. The individual capitalist may convert his money into productive wealth which represents the value of the capital used, and he can reconvert it into capital; but his wealth is not capital, his money is.

This is the accepted definition of capital by all who are actually engaged in industry. They would not think of limiting their capitalization to the amount of wealth used in industry; they also provide for the employment of labor and for storing their product until the market can absorb it and for other contingencies which may arise. They never think of starting an industry with the query, "How much wealth is needed," but "How much money is needed?" They do not go into the market to see how much wealth can be obtained, but to get money to employ labor to produce wealth, if it is not already available. They recognize that their industry depends on money (capital) and not on wealth. They know that wealth can always be obtained or produced by the use of capital, but that wealth cannot always be reconverted into capital when needed. Is it not

absurd to call the capital of a bank or an insurance company, "That part of wealth used in production of wealth," and if you apply the same question to public service, education, entertainment, and the major part of distribution and transportation, is it not equally absurd? When we remember that all modern industry depends on exchange and that exchange depends on money, the claim that wealth is capital is untenable. It is applicable in primitive industry, but is not true when applied to modern industry.

To recapitulate; in primitive industry labor employs wealth as capital, and produces wealth. In modern industry the capitalist employs labor and wealth to operate industry. Labor has ceased to produce wealth, industry depends on exchange, exchange depends on money, and the money used to employ labor and purchase wealth to be used in industry is CAPITAL.

The only plausible reason for the general acceptance of the present definition of capital, is the necessity of justifying the exaction of interest. The Church denounced the practice, and governments enacted laws prohibiting it, and it would not do to confess that interest was exacted for the loan of money, for that could not be justified; but for the loan of capital, which presents a plausible reason in justification if wealth is considered capital. Wealth was selected to be capital, and money was considered capital, because it could be converted into wealth. But unfortunately for their contention money IS capital, and interest cannot be justified.

Government is the creator and issuer of money and capital and is entitled to interest if anybody is entitled to it. It is astonishing that the Church and State and economists SENSED the error, but could not definitely locate it.

INTEREST

Interest is a premium paid by a borrower to a lender for the use of money. The custom of exacting and paying interest is generally accepted as right, and is embodied in the laws of nations. Its justice has been disputed on the ground of being against moral law and the public good.

The practice has been denounced by the Bible and the Church, and governments have enacted laws against it. It is tolerated as an economic necessity, for the simple reason that no effort has ever been made to circulate money different from the present method, and because interest CAN be exacted by the present method, it has come to be considered right. The exaction of interest is not wrong because the Bible and the Church denounced it, and government attempted to prohibit it, but because it is immoral—because the receiver takes somthing for nothing—compels someone to give him something for nothing; hence it is stealing and robbery. The individual may not consider it wrong, for he is in the position of a child who is directed to steal by a man who threatens him with dire punishment if he disobeys. The child cannot resist and must do as directed. Government is the director and by its own neglect to see that money is circulated properly, it compels the individual to pay and exact interest and legalizes the transaction. It makes it an economic necessity to exact interest, and the individual is like the child; he cannot help himself. But the individual is to blame and cannot escape his responsibility, for he possesses the sovereign power to direct government to circulate money so it does not become an economic necessity to steal.

Government is not the supreme political power. Back of it is the individual possessing sovereign power who can make and unmake government; who can direct what function it is to perform and the manner in which to perform it. He can direct the government to circulate money so it will not be an economic necessity to exact interest, or he can continue to direct it so that all who are able must steal. Government sensed the wrong when it enacted laws against usury and attempted to prevent individuals from exacting interest. It did not know that the wrong resulted from its own neglect to provide the correct method of circulation.

Money performs several functions, but before we define what it is, let us first see what it does. A farmer produces food and is paid for his labor in his products. He finds that he can satisfy his wants for sustenance with a portion of his products, and his other wants will remain unsatisfied unless he can find someone who will give him useful products in exchange for his surplus food. For convenience we will use the words "useful" to signify "in satisfaction of wants," and "useless," "not in satisfaction of wants." A miner expends his labor producing gold, part of which is useful to him and the balance useless. His product cannot sustain life, and he must either exchange some of it for food or

apply part of his labor to production of food. Experience has proved that individual wants can be better satisfied through exchange of labor and products, than by applying labor directly to the satisfaction of all individual wants. We can therefore justly conclude that the object of exchange is to increase efficiency in production and in satisfying wants. The miner needs food. He goes to the farmer to buy it and offers his labor or his product (gold) in exchange. The farmer already has a surplus of food products and he does not need labor to produce more, and gold is useless to him; but by exchanging food for gold, he converts his labor expended in production of food which would decay and be wasted if not consumed, for a product not subject to decay and destruction and in general demand, possessing great value in small bulk, and which is produced in small grains and nuggets, making it very convenient to exchange for commodities of various values. The miner parted with gold which was useless to him, and received useful food in exchange. The farmer parted with useless food, and received gold which was also useless, but he saved his labor by exchanging for a product which would be accepted in exchange for other products or service, and would not be subject to decay like his food products. Gold in this transaction has functioned as a commodity medium; it is not money. The expedient of using a commodity with qualities especially adapted to it as a medium, wonderfully facilitated exchange. It now was only necessary to satisfy the wants of one party to an exchange, whereas without the medium the wants of both parties had to be satisfied. To find the party who has a surplus of what you want is not so difficult; but to find the party who needs your surplus at the same time is a much more difficultt ask. Unemployed labor is a good illustration of the difficulty. Gold or any other commodity medium will take the place of a useful commodity or labor in exchange. Many other commodities were used as exchange mediums at different times and places. Upon this simple foundation in which there is nothing confusing, has been built the vast and complicated structure of civilization. All its complex operations can be resolved into the simple exchange described, and the problems that confront economists and statesmen arise from a lack of understanding that practices foreign to exchange, have been foisted upon it and made a part of it for purposes of robbery.

The miner produces gold and is paid for his labor in his product, but that does not satisfy his wants. He does not produce for his own consumption, but to supply a demand from others for gold. He does not labor to produce gold, and he would not produce gold, unless it could be exchanged for the particular commodities or labor which would be useful to him. While it is understood that a man is paid for his labor by the product of his labor, it is only nominally true.

It is true only in respect to his useful products; he is not fully paid until his surplus products are exchanged for useful products or labor. The farmer is only partially paid by food he consumes; his surplus product would rot and be wasted and result in the waste of his labor, if he could not exchange them for useful products or labor. Labor expended for something which does not satisfy

a want of the laborer or does not result in the satisfaction of a desire is wasted and unpaid, therefore it is proper to say that labor is not paid until it receives useful products or labor in exchange for useless products or the exchange medium. Both parties to an exchange are paid for their labor when each receives useful products or labor for it. When one of the parties accepts a commodity medium, his wants remain unsatisfied, and he is still unpaid for his labor, but he can exchange the medium for products or labor which will pay him.

Let us get these facts impressed on our minds; that all expenditure of energy for production and service is for consumption in satisfying wants; that exchanges are facilitated by using a medium of exchange; that the better the medium used, the easier exchange is effected; that the only legitimate commodity on the market is labor power in material or immaterial form; labor power already expended and embodied in commodities, or to be expended; labor power for production of music, entertainment, instruction, healing, spiritual guidance, organization and any kind of service; labor power for the production of material objects; labor power for the transportation and distribution of labor and the products of labor; and labor power already expended in production of particular commodities on the market, and in production of the means of transportation, distribution and all kinds of service; that labor power being the only legitimate commodity every ligitimate exchange is an exchange of labor power.

Land and natural resources are not legitimate objects of exchange, although they have been made commodities by government. Money was issued as an economic necessity to function as a MEDIUM of exchange, but it has become the LEADING OBJECT of exchange through corrupt and inefficient government. It is not a legitimate commodity.

The use of a commodity medium, when exchange of products or labor mutually useful could not be easily and conveniently effected, was a great benefit to parties seeking to exchange.

There must have been weighty reasons why gold, acknowledged to be the best commodity medium, did not meet the requirements of expanding trade. Every exchange required the delivery and weighing of a certain amount of gold agreed upon as being of the same value as the commodity taken in exchange. To facilitate weighing, gold was coined to represent a certain weight in each piece, but this left it open to fraud in coinage, because anyone could coin gold and there was no responsible party to guarantee weight or fineness until the government as the only responsibility party which could gain the confidence of the people, assumed the function and prohibited coinage by others.

There was another serious obstacle to the continued use of a commodity medium in exchange because there was no established value in the medium used. There was no measure of value and no way by which the relative values of all other commodities could be ascertained. Gold fluctuated in value owing to its scarcity or abundance and the demand for it, and every fluctuation in the value of gold, changed the value of all commodities in relation to gold, in addition to

their fluctuations, caused by variations in supply and demand, and higher or lower cost of production. The expansion of commerce soon made it imperative that people should trust each other, and debts of various origin were contracted. Debts are a contract for future fulfillment and there was no standard for estimating values. Government overcame all difficulties by establishing a unit of value, by decreeing that a certain weight of gold of a given fineness shall be the unit of value, and that a quantity of gold equivalent in value according to the established unit of value, to the amount of debt, shall be received in full payment of debt. This changed the character of the exchange medium and made legal tender money the medium of exchange.

But decrees do not establish stability of values, and decreeing to establish a unit of value could not establish stability, unless the government bought all gold offered at the established price.

This was demonstrated when government refused to purchase all silver offered; the established price immediately declined and could no longer be maintained. As long as government buys all gold offered, the price cannot sink below the established price, and the value is maintained. Thus in establishing a standard of value, government had to buy all that was offered of the commodity selected as a standard. The miner takes his gold to the mint and sells it. He does not have it coined. The government buys and coins it to issue money. He sells his gold and receives legal tender money in the form of coins or notes in exchange. These coins or notes are money tokens and are certificates of debt due the holder by the government, and are payable in labor or products. Gold is not legal tender money until it has been purchased and coined by the government, and becomes a token of public debt. Gold dust and gold bars can circulate as money value because the value is established, but they are not legal tender money. Whatever form legal tender money may have or whatever material it is made of, it is a token of public debt issued by the government and by the government only.

Whether the holder of coin money knows it or not, the obligation of the government to exchange it for any product or service that the holder may desire, and to compel a creditor to receive it in payment of debt, is attached to every coin. He not alone receives the gold, but he also receives the guarantee of the government that that particular piece of gold money will perform certain functions. Take away this guarantee and the demand for gold coins would decline and the value of gold would fall. Most everyone is aware that paper money carries with it an obligation and guarantee of the government, but has wrongfully supposed that it was confined to its redemption in gold. They did not stop to consider that gold coin itself has an obligation and guarantee attached to it, and that the obligation and guarantee attaching to paper money is fully as broad as that attaching to gold money. The government buys gold not because it needs gold, but because the issue of legal tender money is an economic necessity, and it buys it for the purpose of issuing the best possible medium of

exchange. It is absolutely necessary for the public welfare, that the government issue legal tender money and keep it in circulation.

Government has the means to pay its debt, but the reason for going in debt is the best of reasons for continuing in debt. To establish a standard of value and issue legal tender money the government MUST go in debt; and if it is an economic necessity to issue legal tender money, it is equally essential to issue a sufficient volume to supply all needs and KEEP IT IN CIRCULATION. When it buys gold from the miner, it does not pay him in gold or agree to pay him in gold. That is just what the miner does not want or he would not offer to sell gold. It agrees to pay him in labor or products that will satisfy his wants, and it hands him a certificate of its indebtedness, in the form of legal tender money which will enable him to buy whatever will satisfy his desires.

Government can pay the miner by employing labor for this purpose through its power of taxation, but it must not do this for reasons stated. Its credit is superior to any private credit, and all citizens are anxious to exchange useless products and labor for public credit evidenced by legal tender money. From whatever angle this is viewed, it is evident that the government MUST go in debt to issue legal tender money, and remain in debt to keep it in circulation as long as civilization lasts, or until the present form of industry is superseded by some form of communism. The common understanding that a debt is paid by legal tender money is not true in an economic sense; it is true in the eyes of the law only. Debt cannot pay debt. When government makes money legal tender for private debt, it compels a creditor to accept public debt as a substitute. What really takes place in an exchange for legal tender money is the acceptance of responsible PUBLIC debt for useless products or labor, in preference to irresponsible PRIVATE DEBT, or a useless product of fluctuating value.

The same difficulty which confronted us in defining capital is present in defining money. The money of primitive industry was a commodity; the money of modern industry is a token of PUBLIC DEBT. The problems of modern industry are not the problems of primitive industry, and only became such through the evolutionary expansion of industry, coupled with the inability or willful refusal of governments, to apply just exchange to modern industry. In slavery and serfdom, even the meanest slave and serf knew that he was being robbed, and his only problem was to gather sufficient force to free himself from his robbers. The robbery practised in slavery and serfdom can no longer be openly maintained, and a new method had to be devised. Private ownership of land and natural resources, and private control of money are excellent substitutes. Wage labor does not know how it is being robbed, but knows it is being robbed; and the problems of civilization are, how to satisfy the wage laborer and continue robbing him. The solution of a problem means its extinction, and that is just what those who profit by robbery do not want.

Money of modern industry is, "A TOKEN OF PUBLIC DEBT used as a MEDIUM OF EXCHANGE and as CAPITAL."

Having demonstrated that money is a token of pubilc debt, and that when it is used to employ labor it is capital, interest then must be exacted for the loan of money, whether it is to be expended in production or in exchange of wealth to increase the efficiency of labor, or for products, or for labor in production and service. No longer are we confronted with the argument that money is entitled to interest, because it can be exchanged for wealth to be used as capital, but interest must be justified for the use of money, whether used as capital or not.

We have shown that wealth is not capital in modern industry, and that wealth which increases the efficiency of labor cannot produce wealth; but money, by employing labor can produce both wealth for consumption, and for increasing the efficiency of labor. Which has the power to exact interest; MONEY or WEALTH? The next question is, has the lender a moral right to exact interest?

Legal tender money is the money which effects exchanges in modern industry. All other mediums such as checks, drafts, bills of exchange, credits and non-legal tender money (there should never have been any issued by government, or by authority of government)—are all based on legal tender money for their final redemption. It is issued to effect exchanges and supplies the capital used in industry. It cannot be hoarded without robbing it of its function to effect exchange and employ labor.

Individuals are not the only ones who hoard money and keep it out of circulation. The United States treasury and all banks are doing it. All their money which is not actively circulating, and it is about half of the total money said to be in circulation, is practically hoarded; it effects no exchanges and employs no labor. The individual cannot claim that he is entitled to exact interest for hoarding money, for that would be claiming a reward for keeping labor out of employment; yet he IS rewarded for doing that very thing. He must hoard money before he can loan it, and we DO pay the lender a reward for keeping labor out of employment.

He is not entitled to a reward for freely spending money to satisfy his wants, for that is the only reason for the issue of money—to increase efficiency in exchange of labor by which wants can be better satisfied. He is not entitled to reward for abstaining from satisfying his wants, and he is not entitled to reward if he does satisfy them. That is a matter which nature attends to automatically, and society has nothing to do with it. The individual may better satisfy his wants in primitive industry by abstaining for a time from consuming wealth. But it is not true in regard to saving money. By saving (hoarding) money he deprives others of the opportunity to labor, thus inflicting injury on them; and at the same time decreases their effective demand for his own labor, thus reacting injuriously on himself.

The individual has a perfect right to have as much wealth as he wishes and lay by something for future contingencies and old age. It does not inter-

fere with the employment of labor or with industry, and he should be encouraged and protected in this right. Money is the best possible medium for saving; it has the government guarantee behind it, to convert it into products or service at any time when desired, and it is constantly increasing in value through decreasing cost of production due to invention and better organization of industry. The individual can save money by means of a bank account and by insurance without injury to society. A bank account is a form of insurance where the individual controls the amount of money he wants to use and the time when he wants to use it. The function of the bank is to safeguard it and circulate it.

The individual has done his duty when he places his money which he wants to save in bank. There is nothing in the use of money which entitles the holder to exact interest, and if he deposits money in bank it does not entitle him to exact interest from the bank. He surrenders both his money and his duty to circulate it to the bank, and the bank assumes the duty and the responsibility of safeguarding it. It is at the bank that most of the hoarding of money takes place, and it is the bank which is responsible for all of the unemployed labor. The banker has no more right than the individual to exact interest for circulating money, but he must necessarily charge for protecting the money entrusted to him and for the expense of circulating it. It is well known that a high rate of interest will decrease the demand for money and a low rate will increase the demand; and it is reasonable to suppose that no interest will still further increase the demand until all money is in circulation and all labor employed. The government has found it necessary to employ labor in digging gold, and it has employed labor in order to issue greenbacks; it has made it possible by issuing money to employ all labor usefully. But it allows banks to check the circulation of money and prevent the employment of labor. They make no charge for the withdrawal of funds for consumption of products, but they exact interest for use of money as capital: which is a demand upon labor for payment for the privilege of laboring. The fault is not with the volume of money; the present volume in the United States is easily sufficient to render double the present service if intelligently circulated. The fault is in the circulation of money. Government should control the circulation of money, as well as the issue of the circulating medium. It should not allow banks to pay interest on deposits, and it should not allow banks to exact interest for the use of money. The result would be to reduce the cost of production and service not by reducing the price of labor, but by eliminating the interest charge which is a large percentage of the price. It would reduce the cost of living to what it should be, and the cost of living would cease to be a public problem; the manner of living would become purely an individual problem. To hoard money is to leave labor unemployed and prevent the production of wealth. It is a mistaken idea that spending money means destruction of wealth; money may be spent for the production of wealth. All labor in modern industry depends on the expenditure of money for employment. The money hoarder has no moral right to exact interest.

Confusion of thought arises when a borrower is introduced. We look only to the benefit the borrower derives from the use of money, and fail to consider that the lender has done nothing to entitle him to interest, and that he prevented the employment of labor to make his demand for interest effective. Saving money does not entitle anyone to exact interest; money is as well saved in the hands of those who spend it as by those who hoard it and it performs its function in the first case and is prevented from performing it in the latter.

For all the good it does, government may as well not issue money as to allow it to be kept out of circulation. The social need for issuing money is no greater than the need for its circulation. When private initiative proved impotent to provide a medium of exchange adequate for expanding industry, government provided it. Private initiative is proving impotent to adequately circulate money for the employment of labor and government MUST step in and control the circulation to avert disaster.

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There is a grave responsibility resting on every individual. His religion is on trial. Whether he neglects or refuses to vote, or votes to "Let well enough alone," he is voting to rob one another.

He must think that GOD did not know what is best for the human race when he issued the command "Thou shalt not steal." GOD did not say "Steal all you want through life and it will be all right if you repent on your death bed." True repentance requires adequate reparation made for injury inflicted, and your death bed is the place where you are least able to make adequate reparation. How can you "Love one another" when through your government you command "Rob one another?" Robbery is not conducive to love. You MUST by your vote direct government to prevent robbery through exaction of interest, or you will have a slim chance to reach heaven if anything like common sense can be applied to religion. If you believe GOD to be SUPREME INTELLIGENCE, you will at least concede, that He is more likely to reward those who obey HIS commands, than those who break them. We can never have "Peace on earth and good will to men," if you take their pocketbook when they are not looking, or compel them to acquiesce when they are conscious of the robbery.

Law and order in their true sense are the greatest instruments for man's elevation; but law which provides for man's robbery, and the order which holds him while he is being robbed, degrade man. YOU have power by your vote to bring peace on earth and clear your path to heaven.

IS IT WORTH YOUR WHILE?

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